

FORD MOTOR COMPANY OF CANADA,
L I M I T E D

[Incorporated under the Dominion Companies Act]

WINDSOR ONTARIO

A N N U A L
R E P O R T

Y E A R E N D E D

D E C E M B E R 31ST,

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FORD MOTOR COMPANY OF CANADA, LIMITED

DIRECTORS

EDSEL B. FORD, *Chairman of the Board*

W. R. CAMPBELL, *President and Treasurer*

G. E. DICKERT, *First Vice-President*

P. E. MARTIN, *Second Vice-President*

HENRY FORD

D. B. GREIG, *Secretary and Assistant Treasurer*

G. G. KEW, *Assistant Secretary*

AUDITORS

CLARKSON, GORDON, DILWORTH & NASH

STATEMENT OF INCOME AND EXPENDITURE

For the year ended December 31st, 1936

Net operating profit of the Canadian factory and branches after all charges, including depreciation and obsolescence \$414,357.41, remuneration to executive officers \$252,880.00, solicitors' fees \$12,962.00 and directors' fees \$3,000.00 .			\$ 1,025,020.45
Portion of the aggregate operating profits for the year 1936 of overseas subsidiary automobile manufacturing and distributing companies, withdrawn in the form of dividends received or receivable			
	2,517,351.49	\$ 3,542,371.94	
Add:			
Interest on bonds	290,768.98		
Net profit on sale of investments and fixed assets . .	55,392.93	346,161.91	
Net profit before income taxes .		3,888,533.85	
Provision for income taxes:			
Payable in Canada	505,563.88		
Payable elsewhere	24,500.00	530,063.88	
Net profit for the year		\$ 3,358,469.97	

STATEMENT OF EARNED SURPLUS

December 31st, 1936

Earned surplus	
December 31st, 1935 .	\$ 17,167,326.16

Net profit for the year ended	
December 31st, 1936 .	3,358,469.97
	20,525,796.13

Deduct :

Prior years' income tax adjust-	
ments	\$ 41,029.03

Dividends paid :

{ Class "A" shares . . .	1,588,960.00	
{ Class "B" shares . . .	70,000.00	1,699,989.03

Earned surplus	
December 31st, 1936 .	\$ 18,825,807.10

F O R D M O T O R C O M P A N Y

B A L A N C E

A S S E T S

December

CASH AND BONDS

Cash on hand and in banks	\$ 3,199,329.30	
Bonds issued or guaranteed by the Federal, Provincial or Municipal Governments in Canada - at not more than cost	9,601,040.24	
(Market value \$ 9,587,047.74)		
Interest accrued on bonds and bank balances	73,414.32	\$ 12,873,783.86

ACCOUNTS RECEIVABLE

Notes, drafts and open accounts less reserve for doubtful debts	1,246,472.58	
Customs drawback and refund claims	745,124.33	
From overseas subsidiary companies - fully covered by cash, net current accounts and inventories of those companies	5,213,987.20	7,205,584.11

INVENTORIES - as determined and certified
by company officials based on physical count
at September 30th, 1936, adjusted for changes
to December 31st, 1936, and priced at not
more than the lower of cost or market value

4,931,137.37

DEFERRED CHARGES ETC. - including
expenditures on account of 1937 production

666,788.02

SHARES OF SUBSIDIARY COMPANIES
fully paid

8,520,824.18

LAND, BUILDINGS, PLANT AND
EQUIPMENT - at not more than cost

27,962,149.75

PATENTS

1.00

\$ 62,160,268.29

A U D I T O R S ' R E P O R T

We have audited the accounts of Ford Motor Company of Canada, Limited for the year ended December 31st, 1936, and in our opinion the accompanying balance sheet and related statements of income and expenditure and earned surplus for the preceding year, so as to exhibit a true and correct view of the state of the company's affairs at December 31st, 1936, and the information, the explanations given us and as shown by the books.

As required by the Dominion Companies Act, Section 114, we report that net profits of subsidiary companies and dividends received or receivable from those companies as shown in the statement of income and expenditure, and

Toronto, Canada, March 9th, 1937

OF CANADA, LIMITED

SHEET

31st, 1936

LIABILITIES

ACCOUNTS PAYABLE

Purchase creditors, accrued expenses and pay rolls	\$ 3,964,630.66	
Taxes payable in Canada	<u>729,500.76</u>	\$ 4,694,131.42

RESERVES

Depreciation of buildings, plant and equipment	21,011,229.77	
Investments	<u>1,000,000.00</u>	22,011,229.77

GENERAL RESERVE		3,250,000.00
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CAPITAL

Authorized :

- 1,900,000 shares class "A" no par value
- 100,000 shares class "B" no par value

Issued and fully paid :

1,588,960 shares class "A" no par value	} 13,379,100.00
70,000 shares class "B" no par value	

EARNED SURPLUS	<u>18,825,807.10</u>	32,204,907.10
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CONTINGENT LIABILITY

for uncompleted portion of plant under construction contracted for to date \$ 436,739.50

Approved on behalf of the Board,

W. R. CAMPBELL,
DIRECTOR

G. E. DICKERT,
DIRECTOR

\$ 62,160,268.29

TO SHAREHOLDERS

On December 31st, 1936, and have received all the information and explanations we have required. We report that in the aggregate have been drawn up in accordance with accepted principles of accounting and on a basis consistent with the results of its operations for the year ended on that date, according to the best of our knowledge and belief. The companies for the year ended December 31st, 1936 have been taken into account only to the extent of the dividends in the aggregate were in excess of such dividends.

Clarkson, Gordon, Dilworth & Nash,
Chartered Accountants

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

The Board of Directors presents herewith the annual report of the company for the year ended December 31st, 1936, including a statement of income and expenditure, a statement of earned surplus, and a balance sheet certified by your auditors.

Net profit for the year amounted to \$3,358,469.97, and was the highest since 1929. This compares with a profit of \$1,939,204.25 for the previous year. Earnings per share were \$2.02 in 1936, as compared with \$1.17 in 1935.

Income and Expenditure—Gross operating income amounted to \$37,465,682.24 and sales of automotive units, including sales to subsidiary companies, totalled 59,971. This compares with gross income of \$46,593,124.31 and unit sales of 79,844 in 1935. Notwithstanding the reduced sales volume, the net financial result for the year was a decided improvement over the previous year, owing to substantial reductions in the cost of production. Net operating income, including dividends from subsidiary companies amounting to \$2,517,351.49, totalled \$3,542,371.94, in comparison with \$1,499,887.03 in 1935.

Assets—Cash and bonds totalling \$12,873,783.86 decreased \$135,352.69 during the year. Receivables totalling \$7,205,584.11 decreased \$808,719.84, owing principally to lower volume of business. Inventories increased by \$1,098,396.50 as the result of anticipated improvement in volume of sales in 1937. Furthermore our materials were inventoried at September 30th, 1936, rather than at the year end and consequently there was no interruption of the flow of materials at the end of the year as heretofore.

Included in deferred charges are certain expenditures for tools pertaining to 1937 production. Such expenditures will be entirely absorbed in 1937.

FORD MOTOR COMPANY OF CANADA, LIMITED

Investment in shares of subsidiary companies increased by \$2,315,321.91. On January 9, 1936, Ford Motor Company of New Zealand Limited was incorporated, the necessary capital amounting to \$1,585,076.91 being subscribed by this company. A further investment in the shares of Ford Motor Company of South Africa Limited amounting to \$730,245.00 was also made in order to provide that company with adequate working capital. Our investment in the South African company now totals \$969,243.60.

Plant accounts increased a net amount of \$1,268,518.30. The additions to these accounts totalling \$1,902,730.64 consisted of expenditures for foundry and power house expansion and modernization, together with purchases of machinery and equipment. Certain deductions were made in respect of plant and equipment sold or otherwise disposed of amounting to \$634,212.34.

Liabilities—Accounts payable increased \$2,398,899.47 largely as the result of increased inventories, payrolls and taxes.

Reserve for depreciation amounting to \$21,011,229.77 is \$161,559.79 less than last year. Disposal of plant items, largely depreciated, was responsible for this reduction.

Earned Surplus—Net increase in earned surplus for the year was \$1,658,480.94.

Dividend disbursements during the year amounted to \$1.00 per share. A policy of regular quarterly dividends at the rate of twenty-five cents (25c) per share, being the equivalent of \$1.00 per share annually, was adopted.

For the Directors

W. R. CAMPBELL

PRESIDENT

Windsor, Ontario,
March 20th, 1937.

